

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK
RATIONALIZATION SERVICE CHANGES, 2011

Docket No. N2012-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS SMITH
TO NATIONAL POSTAL MAIL HANDLERS UNION
INTERROGATORIES NPMHU/USPS-T9-1 TO 3
(March 15, 2012)

The United States Postal Service hereby provides the response of witness Marc Smith to the above-listed interrogatories of the National Postal Mail Handlers Union. Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY

NPMHU/USPS-T9-1

In your response to APWU/USPS-T9-10, you acknowledge that “[t]o the extent AMP studies led to cost savings that occurred in or before FY2010, they would not be included in my baseline.” Please provide data sufficient to calculate such cost savings.

RESPONSE:

The interrogatory misquotes my response. My response to APWU/USPS-T9-10 stated such cost savings *would* be included in my baseline. In any event, I do not have any data related to AMP studies.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY

NPMHU/USPS-T9-2

Referring to Table 16 in the testimony of Michael Bradley, and Witness Bradley's response to NPMHU/USPS-T-10-7, in which he states that "the cost changes from workload reduction are calculated by witness Smith and are incorporated into my testimony solely for the purpose of cumulating the overall changes in cost," please explain:

- a) Why the savings achieved through "workload reduction" cost changes are not redundant or overlapping with the savings achieved through "workload transfer."
- b) Why the savings achieved through "workload reduction" cost changes are not redundant or overlapping with the savings achieved through productivity gains.
- c) What data supports the calculations for each category of "workload reduction" cost changes.

RESPONSE:

- a-b. Please see my response to APWU/USPS-T9-4.
- c. The calculations of the savings are contained in USPS-LR-N2012-1/23. This calculation also relies on USPS-LR-N2012-1/38 and USPS-LR-N2012-1/NP5. Also see the institutional response of the Postal Service to Question 22 of Presiding Officer's Information Request No. 1, filed on February 16, 2012, at pages 16-20 (for USPS-LR-N2012-1/23) and pages 4-8 (for USPS-LR-N2012-1/38 and USPS-LR-N2012-1/NP5).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH
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NPMHU/USPS-T9-3

Referring to the list of planned facility consolidations published by the Postal Service on February 23, 2012 at <http://about.usps.com/what-we-are-doing/our-future-network/assets/pdf/communications-list-022212.pdf>, please:

- a) Given that the Postal Service has decided that only forty of the 252 potential consolidations should be fully closed, how does that affect your calculations of cost savings?
- b) Given that the Postal Service has not approved approximately forty-one out of the 252 potential consolidations, how does that affect your calculations of cost savings?
- c) Please provide updated cost savings, with supporting data in the form of Library References, based upon all the consolidation decisions contained in the Postal document at <http://about.usps.com/what-we-are-doing/our-future-network/assets/pdf/communications-list-022212.pdf>.

RESPONSE:

- a-c. My testimony is premised on inputs from Operations witnesses Bratta, Neri, and Rosenberg. Unless these Operations witnesses conclude that the relevant inputs should change, my testimony is not affected. In addition, I would note that, because of the limitations in AMP studies discussed by witness Williams in response to APWU/USPS-T1-26, I would expect an application of my methodology to the refined network concept to yield a cost savings estimate that is likely significantly higher than the aggregate savings implied by totaling all of the AMP study results.